

Office of Financial Management

Enterprise Data Definitions and Chart of Accounts Project

QUALITY ASSURANCE

Baseline Report
January 31, 2008



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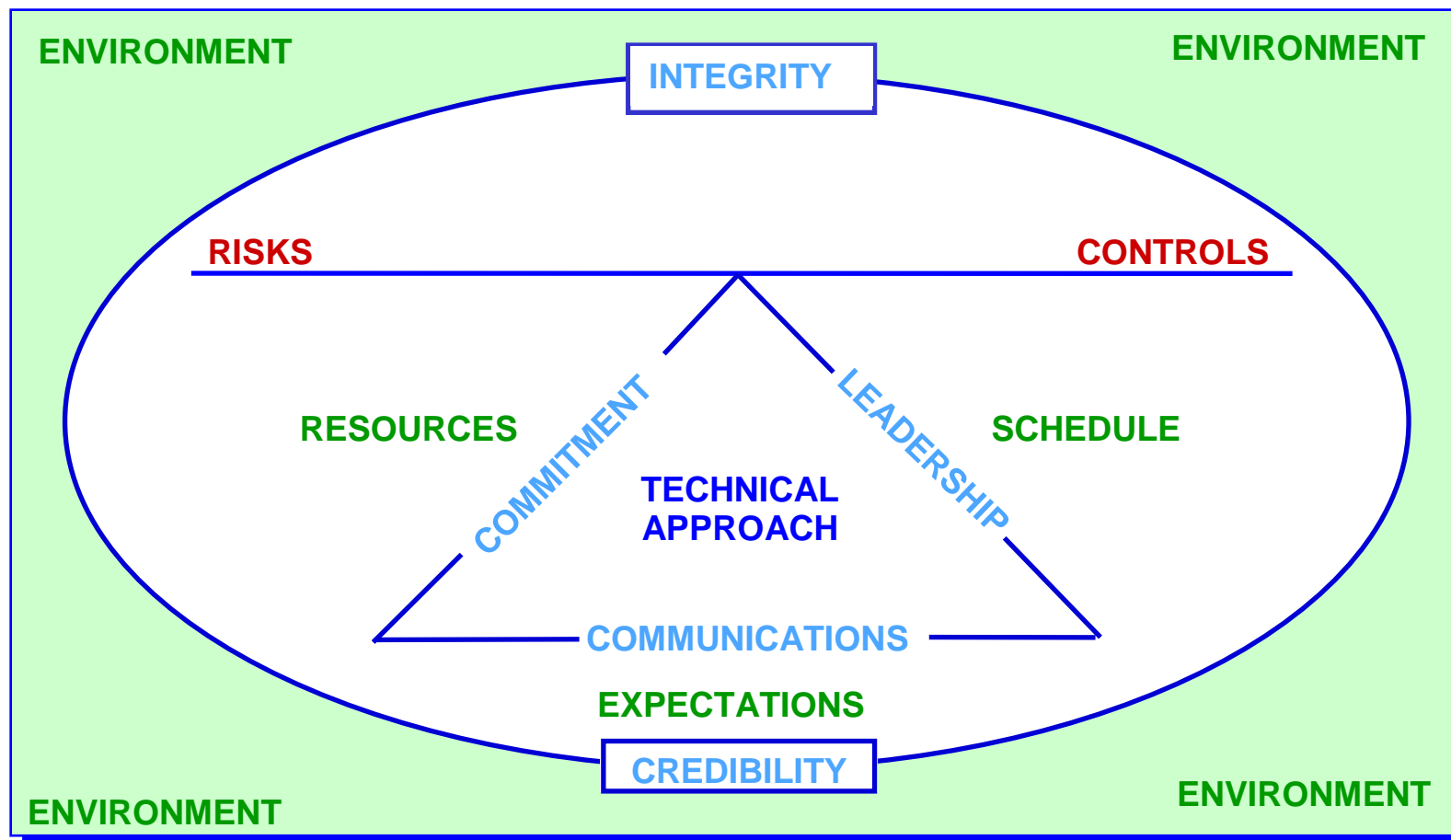
Scope of Quality Assurance Review

- ◆ In November 2007, the Office of Financial Management (OFM) retained Sterling Associates, LLP to provide Quality Assurance (QA) services for the Enterprise Data Definitions / Chart of Accounts (EDD COA) project. This report contains the results of our baseline review.
 - The baseline report provides an overview of the role of Quality Assurance and describes the methodology Sterling Associates uses to identify project barriers to success and risk mitigation strategies.
 - This report is based on our participation in project activities, review of project documentation, and interviews with 31 individuals from 15 different state agencies.
 - This report also summarizes our Quality Assurance findings and project recommendations.
- ◆ Quality Assurance reports are organized around Sterling Associates' Quality Assurance framework which includes 12 elements illustrated on pages 3 through 5 and discussed on pages 6 through 7. These elements include:
 - Project Environment
 - Integrity
 - Credibility
 - Resources
 - Schedule
 - Expectations
 - Commitment
 - Leadership
 - Communications
 - Technical Approach
 - Risks
 - Controls to mitigate risk



Sterling Associates' Quality Assurance Methodology[®]

- ◆ Quality Assurance framework for reviewing project dimensions

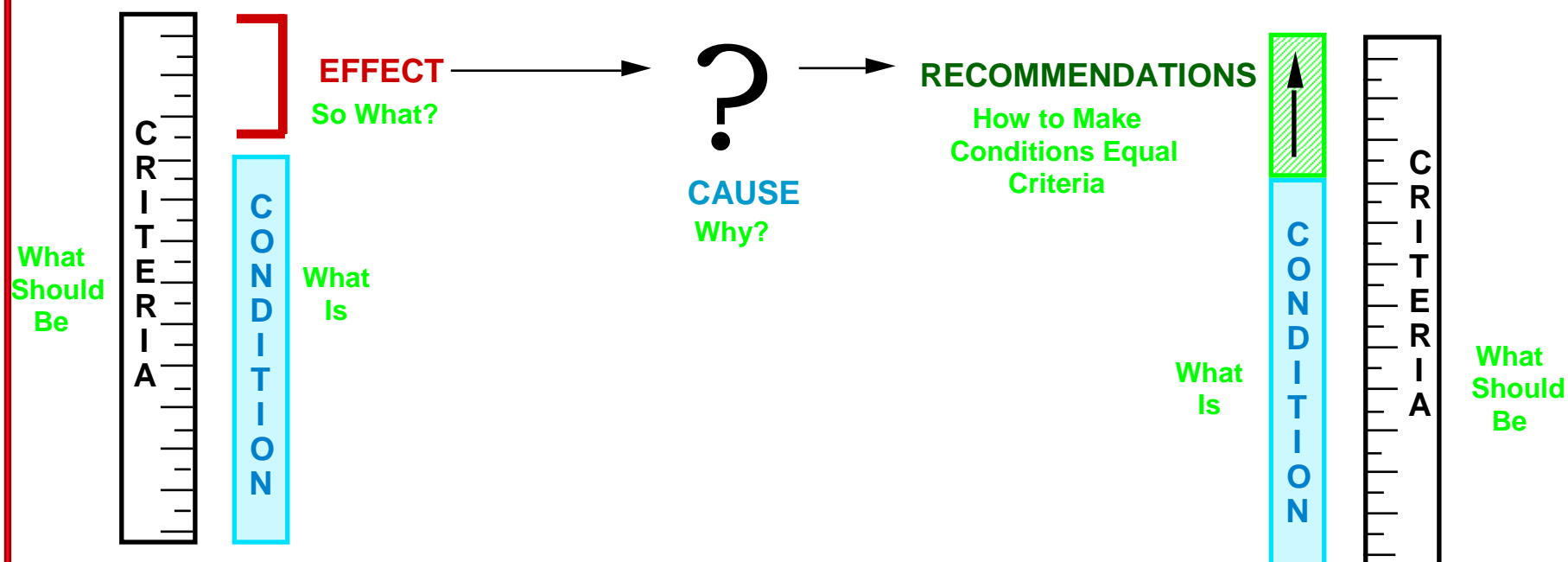


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Sterling Associates' Quality Assurance Methodology[©] *(continued)*

- ◆ We measure the condition (*what is*) and the materiality (*so what?*) of departures from the criteria (*what should be*).

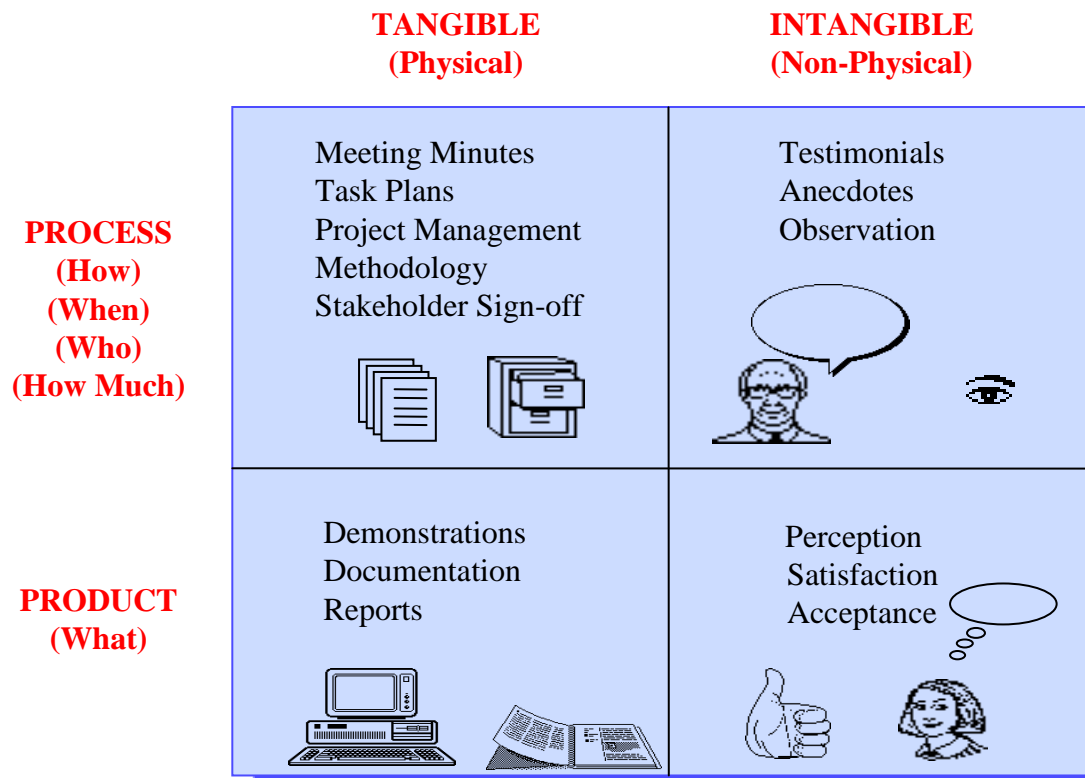


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Sterling Associates' Quality Assurance Methodology[©] *(continued)*

- ◆ The Quality Assurance evaluation is based on a review of tangible and intangible evidence on products and processes.



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Quality Assurance Criteria—*What should be...*

- ◆ The external, organizational and project **environment** must be considered when planning and executing the EDD / COA project. Environmental influences can and do affect project success and should be continuously monitored and managed.
- ◆ Clear **expectations** for *what* will be accomplished should be defined and understood in advance of determining *how* it will be accomplished. Gaps in expectations – between what is expected and what actually occurs – can influence the actual and/or perceived success of the project. Expectation gaps should be identified as early as possible and addressed to increase the likelihood of project success.
- ◆ The **approach** (*how*) – the technology, facility, human resource, project organization and project management activities – should be appropriate for the organizational capability, culture and risk tolerance, and should be designed before the project schedule and costs can be accurately determined.
- ◆ The project **schedule** should only be finalized after expectations have been clearly defined and agreed upon, and the approach has been carefully developed. If schedule and/or resource constraints exist, they must be factored carefully during expectation definition and approach development. The project schedule should include contingency time for unanticipated events which are certain to occur, and should consider the impacts on services, clients and staff.
 - The project schedule should be constructed to illustrate task dependencies, to show changes and schedule effects or delays as early as possible, and to allow for tracking of actual progress against planned.
- ◆ **Resources** should be estimated based upon the expectations, technical approach and schedule. Resource considerations should include people, money, equipment, software, facilities, skills and capacity for change. Contingency should be included to allow for undiscovered or unanticipated costs that may occur.
 - The project budget should be constructed to allow for tracking actual expenditures against planned, and to document decisions that are made in the course of the project and that may affect the budget (a clear audit trail).



Quality Assurance Criteria—*What should be...* (continued)

- ◆ **Communications** should be effective, proactive, as frequent as necessary and cover a broad audience. Effective internal and external project communications are critical – it affects every aspect of a project. We believe the number one reason projects fail is due to ineffective communications.
- ◆ Project **leadership** responsibility resides with the program manager, sponsors and parties responsible for implementation. Effective leadership should be present in all areas.
- ◆ Executive **commitment** should be clearly demonstrated and the project participants should be committed to the interim and final success of the project objectives.
- ◆ The **risk** tolerance of the organization should be understood and considered during the planning and throughout the course of the project. All project participants and stakeholders should be encouraged to identify and communicate possible and/or actual risks. Risk mitigation strategies should be developed and executed as needed.
- ◆ **Project controls** should be commensurate to the risks. *Appropriate* controls should exist for tracking budget and task progress, documenting and resolving issues, and communicating status to sponsors, stakeholders and oversight entities.
- ◆ **Credibility** and **integrity** should be earned by meeting commitments and through honest communications.



Quality Assurance Findings—*What is...*

◆ Environment

- The Office of Financial Management began work on the *Roadmap Program* over four years ago to respond to demands for better information, improved management systems and streamlined business processes and policies. The effort was supported by three other central services agencies, the Department of Information Services (DIS), the Department of Personnel (DOP) and General Administration (GA). *Roadmap* planning and activities spanned financial and administrative policies, processes, systems and data. The *Roadmap Core Financial Systems Feasibility Study* was completed less than a year ago and recommended that the state complete several positioning activities to help reduce risk and increase the usefulness of any future financial and administrative solutions that the state may pursue. Included in these positioning activities was the need to establish data definitions at an enterprise level and assess the ability of the state to utilize the current chart of accounts to meet its ever evolving business needs.
- The project follows the implementation of the HRMS statewide payroll system and electronic recruitment system. Agencies express great apprehension about implementation of any future statewide systems and the possible impact on current systems and current operations. Agencies report that they were not prepared for the impact of implementing HRMS.
- Agencies express a keen interest in understanding what the *Roadmap Program* plans to do to address statewide policies, processes, systems and data. They want to know about and understand new standards in advance of implementation. They have an increasing interest in utilizing enterprise systems to support common functions and avoiding the cost of developing and maintaining multiple systems with the same functionality. This is a departure from the long standing practice of developing systems for just one agency or for one program within the agency.
- Agencies report the increasing value placed on sharing systems – internally between programs as well as across agencies. Development of systems that are shared by multiple programs requires increased effort on the part of all the organizations involved and project management expertise to manage all of the activities, issues, and individuals involved. Agencies express interest in having expert resources available to assist them with the complex development of shared systems.



Quality Assurance Findings—*What is...*

◆ Environment (*continued*)

- The Enterprise Data Definitions / Chart of Accounts project was organized by OFM in response to one of the positioning activities recommendations within the *Roadmap Core Financial Systems Feasibility Study*. Funding and FTE's were requested and received for this effort within the 2007-2009 Biennial Budget. OFM requested \$1.94M and 6.5 FTE's to support this Level 3 project.
- The EDD/COA project resides in OFM's Accounting Division, Statewide Financial Systems, *Roadmap Program*. The project reports progress on a monthly basis to the Roadmap Executive Sponsors. The assistant directors for the Accounting Division and the Budget Division are the project sponsors. A project manager for EDD/COA has been appointed to plan, organize and manage the project's activities.
- As required for Level 3 projects, DIS is providing oversight for this project and reporting status regularly to the Information Services Board (ISB). Quality Assurance is being provided by Sterling Associates and findings and recommendations will be reported regularly to the Project Sponsors.
- The purpose of the EDD/COA project is to:
 - Determine if there are unmet enterprise information needs that can be addressed through common data definitions and the Chart of Accounts.
 - Determine the business value of unmet enterprise information needs, and the cost vs. benefit of addressing them.
 - Determine the business value of establishing more consistent application of data elements across the enterprise.
 - Determine how addressing unmet information needs would affect the existing enterprise data definitions lists, the Chart of Accounts.
 - Determine common data definitions to be used throughout state government.



Quality Assurance Findings—*What is...*

◆ Environment (*continued*)

- The EDD/COA project is expected to work with stakeholders to achieve several objectives.
 - Identify core information, accountability and management needs not being met or captured by the current chart of accounts.
 - Identify common definitions for current and proposed core enterprise data elements.
 - Validate the state's need for new enterprise financial and performance measurement data, including a critical review to determine if changes are needed to the state's current chart of accounts.
 - Provide documentation to the Roadmap executive sponsors to help them make a decision on revising current state government financial and performance systems or migrating to the SAP Public Sector Financial modules.
- Depending on the results of the initial analysis, the EDD/COA project may also be expected to achieve the following additional objectives.
 - Map the proposed enterprise changes into both the state's existing systems and into the SAP Public Sector Financial modules to:
 - Evaluate whether either current state systems or SAP will meet the proposed needs, and
 - Determine and document any gaps.
 - Map the existing enterprise data elements from AFRS to SAP to determine and document the gaps in major business functionality.



Quality Assurance Findings—*What is...*

◆ **Environment** (*continued*)

- Determine the high-level impact on state agencies of implementing the proposed changes to the current state systems or to the SAP Public Sector Financial modules to:
 - Estimate the high-level costs, including organizational change management, for state government to collect and input the data needed to revise current enterprise state systems or to implement SAP to enhance performance management and financial decision-making; and
 - Analyze how well the proposed data elements in the current state systems or the SAP Public Sector Financial modules would align with DOP's SAP Human Resource Management System (HRMS), the Health Care Authority's (HCA) SAP Benefits Administration and Insurance Accounting System (BAIAS), and the Department of Natural Resources' (DNR) SAP Revenue, Timber, and Asset (RTA) system.



Quality Assurance Findings—*What is...*

◆ Expectations

- The scope of the EDD/COA project has been approved and the following business cycles are included in addressing unmet business needs within:
 - Performance Management and Budget,
 - Cost Accounting,
 - Asset Management,
 - Procure to Pay,
 - Reporting and General Ledger,
 - Revenue Cycle, and
 - Human Resources processes for time and attendance, labor distribution and benefits administration.
- Expectations for this project are being clarified internally with agency executives, the project sponsors, the business owners, and the project manager. Agency executives and the project sponsors are interested in having the results of the EDD/COA project available to help inform the decision makers who are considering what steps to take next within the *Roadmap Program*. The EDD/COA project is expected to complete their analysis by early October 2008. Meeting this date will allow decision makers to determine if a decision package to support the next steps of the *Roadmap Program* is necessary and what it would contain.
 - To some degree, the EDD/COA project has been given a completion date without regard to the work that needs to be performed or the processes to be followed. This places a constraint on the project that adds risk to the project and imposes an intense sense of urgency. The project is well aware of this expectation and developed a work plan that accounts for this pre-determined deadline. The project is monitoring this risk as part of its risk management efforts.



Quality Assurance Findings—*What is...*

◆ **Expectations** (*continued*)

- Project leaders have been involved in developing the project's charter with the vision, goals, objectives, scope, deliverables, approach, outcomes, assumptions and roles, and responsibilities. This effort highlighted how difficult it is to describe the project and to agree on what will be done and by whom.
- External stakeholders have expressed many expectations about the project including the following general assumptions.
 - OFM will clarify the direction of and decisions related to the *Roadmap Program*.
 - OFM will clarify the objectives and expected results of the EDD/COA project.
 - OFM will communicate any proposed changes that arise from this project and provide adequate time to analyze and prepare for the impact of the changes prior to implementation.
 - OFM will listen to, understand, and consider the impact of proposed changes from this project on agency operations in order to avoid unintended results.
 - OFM will expand communications beyond the current Roadmap Advisory Committee.
- Project team members expressed many expectations as well.
 - Utilize and build on the many work products already completed to produce the work of the project.
 - Emphasize communication about the project in order to inform and educate agency staff and stakeholders.
 - Use project resources to support planned project activities.
 - Roadmap Program leadership will direct and support all of the positioning activities.
 - The Roadmap Program Office will manage program activities.



Quality Assurance Findings—*What is...* (continued)

◆ Approach

- The EDD/COA project has two project sponsors who will provide policy guidance and champion the project. The project will report to the Roadmap executive sponsors on a regular basis. The project has three business owners to guide the project's activities and achieve the objectives described. The project manager has asked for participants from different OFM divisions and from other agencies. This should provide broad participation by the businesses directly involved in project activities and those who could be directly impacted by the results of the project.
- The EDD/COA project plans to utilize the Roadmap Advisory Committee to communicate with stakeholders. This well established group has knowledge of the *Roadmap Program* activities and should have a natural interest in the work being done by the project. The current membership of the Roadmap Advisory Committee does not have the broad representation of agencies that the project needs and wants to maintain communication with on a regular basis.

Recommendation #1: *Revise the membership of the Roadmap Advisory Committee to extend membership to other organizations who could be impacted by EDD/COA.*

- Like other OFM projects, the Microsoft Solutions Framework is being used as the project management methodology. This is a highly disciplined, iterative approach used for system development. OFM has used the methodology for many years with several other projects.



Quality Assurance Findings—*What is...* (continued)

◆ Schedule

- The project has developed an initial work plan that describes the activities and tasks related to each major milestone. Resources have been loaded into the plan along with dependencies between tasks. The project schedule does not provide for any contingency time and assumes that the tasks can be completed as planned. This is a very optimistic given that much of the work involves interaction with individuals and entities outside the project and the difficult challenge of securing knowledgeable staff resources in a short time frame. Should the resources not be secured as planned or external participation is delayed, the schedule or scope of the work may need to be revised.
- As noted previously, the project is expected to submit the results of their analysis in October 2008 in order to decide what should be included in a decision package to support the *Roadmap Program*. Being given an established completion date imposes a significant constraint on the project. To address this issue and mitigate the risk it represents, the project is trying to control the scope and obtain dedicated resources as quickly as possible.



Quality Assurance Findings—*What is...* (continued)

◆ Resources

- The EDD/COA project received \$1.9M and 6.5 FTE's to support their activities in this biennium. The resources plan identifies six subject matter experts that would be temporarily assigned for 18 months to the project in OFM from other agencies. Requests for these resources with a broad array of experiences are being made to individual agencies. The agencies have been asked to make the staff available for the project as quickly as possible. The level of resources available to the project may have to be adjusted if the schedule for the project is fixed on a certain date or the scope of the project is increased. As the project is currently planned, the level of resources appears to be adequate.
- Many of the individuals involved in the project activities have expertise related to the state's financial systems and practices. Utilizing resources with such valuable, relative expertise will greatly benefit the project by not having such a long ramp-up time for each person joining the project. The project manager, known also as the product manager, has experience with the methodology being followed, previous efforts that will be used to inform this project's work, and the actual statewide systems being used currently to support the financial and administrative needs of the state.



Quality Assurance Findings—*What is...* (continued)

◆ Controls

- The project has established very reliable controls include the following:
 - Project plans that are sufficiently detailed, include milestones, tasks, resources, and dependencies.
 - A project charter that is already being followed and updated;
 - An issue management process to identify, track and resolve issues as they arise;
 - Regular status tracking and reporting of key performance indicators;
 - A communications plan to support effective and efficient communications with executives, project participants, end-users, stakeholders, and oversight;
 - An established budget with spending estimates, tracking, and reporting;
 - An established staffing plan with assumptions and timelines;
 - A quality assurance plan with expectations and responsibilities; and
 - A risk management process to identify, monitor, and take action to mitigate a risk if needed.
- The project has established a strong organizational structure that is reflected in its organizational chart and throughout its project plans. The organizational structure has many individuals involved and draws stakeholders into the project in multiple ways. Use of the Roadmap Executive Sponsors, the Roadmap Governance Group, the Roadmap Advisory Committee, the Touchstone Group, and broad agency participation directly on the project team should provide the project with many opportunities to communicate with stakeholders and draw on their knowledge and expertise collectively and individually.
 - *See Recommendation #1.*



Quality Assurance Findings—*What is...* (continued)

◆ Credibility and Integrity

- Credibility of the EDD/COA project is directly linked to the credibility of the HRMS Project and the *Roadmap Program*. The EDD/COA project should expect to experience criticism that is outside their control or responsibility and is actually associated with the *Roadmap Program* or the HRMS Project. Frequent interaction with stakeholders and repetition of key messages through multiple vehicles will likely be necessary to establish a unique identity and sound credibility.
 - When asked about their knowledge of the EDD/COA project, stakeholders in almost every one of the 15 agencies interviewed took the opportunity to express their concerns about the HRMS Project and the negative impact it has had on their operations after implementation. Ten of the agencies volunteered that significantly more resources had to be directed to the payroll function since the implementation of HRMS than expected and that additional value was not being delivered by the new system. Additional resources were not provided to these agencies as part of the implementation of HRMS and had to be taken away from other programs to support payroll.
 - Unexpected results from the HRMS system seem to require many of these agencies to verify information submitted and information received from HRMS in order to complete their reconciliation processes. Several agencies reported a need for a solution to their growing time and attendance problem. Some frustration was reported with the Time Management System (TMS) and its known functional problems. One agency reported that their payroll unit had doubled in size, from four to eight staff members, and that the heavy workload still required the staff to work overtime to meet payroll cutoff deadlines.
- Many of those interviewed noted the significant effort they expended on the *Roadmap Core Financial Systems Feasibility Study*, the collaborative nature of that work, and the confusion about whether the recommendations from the study are being followed. Stakeholders expressed support for an enterprise approach to solving common business problems and sharing common business systems. Stakeholders are anxious hear from the *Roadmap Program* about the strategic direction and standards related to administrative and financial practices.



Quality Assurance Findings—*What is...* (continued)

◆ Commitment

- Some of the stakeholders interviewed question the commitment to the *Roadmap Program*, and by association the EDD/COA project, by the Roadmap project sponsors and executives in OFM. With ever increasing interest externally on the state's management of information technology and systems development practices, the perceived lack of a strategic direction to follow at the state level is puzzling to many staff and stakeholders. The absence of a full-time Program Director with responsibility to lead the overall effort, provide a strategic vision, and be the champion for this effort is interpreted as a lack of support and commitment.
- Both of the EDD/COA project sponsors have demonstrated their personal commitment to the project during the planning phase. Project team members and business owners have participated in planning and project management activities. Resources from other parts of OFM have been identified and assigned to the project team. Project participants want to know what deficiencies exist within current statewide systems or practices, how state agencies overcome the deficiencies, and whether there is value in making changes to the current environment. Individuals within many state agencies want to know what is expected of them, their systems, and their practices. This level of interest and support should serve the EDD/COA project very well if it is accounted for in project planning.



Project Recommendations—*Bringing conditions up to criteria*

Recommendation #1: *In coordination with the Roadmap Program Office, revise the membership of the Roadmap Advisory Committee to extend membership to other organizations who could be impacted by EDD/COA.*

Benefits:

- Increases involvement in EDD/COA project plans and expectations.
- Provides a venue for communication about the project to stakeholders.
- Provides a venue for stakeholders to share their vast knowledge of business practices and program operations with project team members.
- Provides broader exposure to and understanding of EDD/COA project activities as well as *Roadmap Program* information.



Acknowledgements

- ◆ **Sterling Associates would like to acknowledge all of the project team members and individuals who participated in the interviews conducted and information gathered as part of this Quality Assurance review and assessment process. Special thanks to Project Manager Ann Bruner for her open and rapid response to inquiries related to this effort. Many individuals generously provided time to us including:**

<ul style="list-style-type: none">■ Wolf Opitz, OFM■ Sadie Rodriguez-Hawkins, OFM■ Candace Espeseth, OFM■ Lynne McGuire, OFM■ Wendy Jarrett, OFM■ Allen Schmidt, OFM■ Kathy Rosmond, OFM■ Lee Hall, OFM■ Connie Michener, DIS■ Karlyn Parten, DIS■ Tristan Wise, GA■ Gary Zeiler, DOE■ Lisa Darnell, DOE■ Bonnie Bunning, DNR■ Jim Morgan, DNR	<ul style="list-style-type: none">■ Dan Contris, DOR■ Cynthia Harris, L&I■ Chris Freed, L&I■ Sharon Elias, L&I■ Megan Atkinson, HCA■ Stephanie Atkins, HCA■ Stan Marshburn, DSHS■ Bill Ford, DOT■ Denise Doty, DOC■ Marla Kentfield, STO■ Darrel Jensen, STO■ Shad Pruitt, STO■ Diane Perry, WSP■ Sharon Whitehead, DOL■ Lois Speelman, DOH■ Nancy Morris, DOH
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